



# LUTHER SPEIGHT & COMPANY, LLC

*Certified Public Accountants and Consultants*

## **FUNDS ON DEPOSIT**

**CLERK OF FIRST CITY COURT  
FOR THE PARISH OF ORLEANS**

**FINANCIAL STATEMENTS  
TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2007**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/30/08

## **TABLE OF CONTENTS**

Independent Auditor's Report.....	1-2
Management's Discussion and Analysis .....	3-4
<b>Financial Statement:</b>	
Statement of Financial Position.....	5
Notes to the Financial Statements.....	6-8
<b>Supplementary Information:</b>	
Independent Auditor's Report on Compliance and on Internal Control Over Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards .....	9-10
Schedule of Findings and Questioned Costs.....	11-12
Update of Prior Year Findings.....	13
Statement of Changes in Fiduciary Liabilities .....	14
Data Collection Form .....	15



# LUTHER SPEIGHT & COMPANY, LLC

*Certified Public Accountants and Consultants*

## INDEPENDENT AUDITOR'S REPORT

To: The Honorable Ellen Hazeur  
Clerk of First City Court  
for the Parish of Orleans

We have audited the accompanying statement of financial position of Funds on Deposit with the Clerk of First City Court for the Parish of Orleans, as of December 31, 2007. This financial statement is the responsibility of the Clerk of First City Court. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in NOTE 1, the financial statements present only the activities of the Garnishment Fund and the Registry of Court Fund of the Clerk of First City Court and do not purport to and do not present fairly the financial position, as of December 31, 2007, results of operations and cash flows of the First City Court for the Parish of Orleans in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Funds on Deposit with the Clerk of First City Court for the Parish of Orleans as of December 31, 2007 in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, the Clerk of First City Court for the Parish of Orleans has implemented a new financial reporting model as required by the provisions of GASB Statement 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, as it applies to the financial reporting for the Garnishment Fund and the Registry of Court Fund of the Clerk of First City Court for the Parish of Orleans.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of determination and presentation of required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, we have also issued our report dated March 7, 2008 on our consideration of the Organization's internal control structure and on its compliance with laws and regulations. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Changes in Fiduciary Liabilities of the Garnishment Fund and the Registry Fund as presented on page 14 is presented for purposes of supplementary analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script, appearing to read "Luther C. Speight", followed by a checkmark and the letters "Co".

Luther C. Speight and Company  
New Orleans, LA  
March 7, 2008

# **CLERK OF FIRST CITY COURT FOR THE PARISH OF ORLEANS**

## **MANAGEMENT DISCUSSION AND ANALYSIS**

This management discussion and analysis of the Garnishment Fund and Registry Fund of the First City Court for the Parish of Orleans provides an overview of the financial activities of the two above funds for the year ended December 31, 2007.

### **Financial Highlights**

Both the Garnishment and Registry Funds are fiduciary (Agency) funds maintained by the Clerk of First City Court for the Parish of Orleans. The assets in each fund equal the liabilities in each fund. Assets consist entirely of cash or cash equivalents in banks. The Funds are custodial in nature and do not involve measurement of the results of operations. The Funds use the modified accrual basis of accounting. There are no budgets prepared for either of the Funds because the changes in assets and liabilities are determined entirely by the legal filings with and deposit requirements determined on a case-by-case basis by the First City Court during the year.

### **Overview of the Financial Statements**

The accompanying financial statements consist of a balance sheet for the two funds and a supplementary schedule of changes in fiduciary liabilities for both funds. It does not present information on the Orleans Parish Judicial Expense Fund nor does it provide a government-wide perspective of the First City Court for the Parish of Orleans.

The statement of financial position provides information only on each of the two funds controlled by the Clerk of the First City Court for the Parish of Orleans and the supplementary information only provides information on each fund.

The Garnishment Fund accounts for deposits with the Clerk's Office from plaintiffs in the sum of fifteen dollars as a fee for the attorney for the employer who answers such interrogatories. The Registry Fund accounts for funds that have been ordered by the court to be held on deposit until judgment has been rendered in court litigation. These funds are withdrawn only upon order of the court to named recipients.

The cash balance in the Garnishment and Registry fund at December 31, 2007 were \$422,482 and \$288,365 respectively. The cash balances were due to litigants and also represented undistributed interest that was due to the Capital Improvement Fund of the Clerk of First City Court.

These liability balances are as follows:

	<u>Garnishment Fund</u>	<u>Registry Fund</u>
Deposits Due Litigants	\$ 298,197	\$ 274,948
Undistributed Interest	<u>124,285</u>	<u>13,417</u>
	<u>\$ 422,482</u>	<u>\$ 288,365</u>

The total Garnishment Fund liability for the year ended December 31, 2007 stated at \$422,482 reflected an increase of \$7,591 as compared to the prior year balance of \$414,891. The total Registry fund liability for the year ended December 31, 2007 stated at 288,365 reflected an increase of \$21,518 as compared to the prior year balance of \$266,847.

Interest earned on the funds deposited in the both the Garnishment and Registry Funds are due to the Capital Improvement fund for use by the City Court. Any amounts that have not been transferred as of the year-end are reported as undistributed interest.

The Notes to the Financial Statements provide additional information that is essential for a full understanding of the data provided in the fund financial statements. This financial report is designed to provide a general overview of the operations of the Garnishment Fund and the Registry of Court Fund of the Clerk of First City Court for the Parish of Orleans for those who have an interest in the finances of these two funds. If you have any questions about this report or need additional information, contact the Honorable Ellen Hazeur, Clerk of First City Court, 421 Loyola Avenue, Room 201, New Orleans, Louisiana 70112.

Clerk of First City Court For The Parish Of Orleans  
Funds On Deposit  
Statement of Financial Position  
As of December 31, 2007

	<u>Garnishment Fund</u>	<u>Registry Fund</u>	<u>Total</u>
Assets:			
Cash	<u>\$          422,482</u>	<u>\$      288,365</u>	<u>\$   710,847</u>
Total Assets	<u>          422,482</u>	<u>      288,365</u>	<u>      710,847</u>
Liabilities:			
Deposits Due Litigants	298,197	274,948	573,145
Undistributed Interest	<u>124,285</u>	<u>13,417</u>	<u>137,702</u>
Total Liabilities	422,482	288,365	710,847
Net Assets:	-	-	-
Total Liabilities & Net Assets	<u>\$          422,482</u>	<u>\$      288,365</u>	<u>\$   710,847</u>

See accompanying notes.

**ORLEANS PARISH CLERK OF FIRST CITY COURT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

---

**NOTE 1:**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**General-** The First City Court for the Parish of Orleans was created by LSA-R.S. 13:2165. The Registry of Court Fund of the First Court was created by LSA-R.S. 13:2165.

The Clerk of First City Court is the custodian of the Garnishment Fund and the Registry of Court Fund. The Clerk is required to receive cash and/or property deposits according to court order, which will remain the cash and/or property of the litigants until the Clerk is court ordered to disburse the cash and/or property.

Certain administrative expenses associated with the Registry of Court Fund are paid from a portion of the interest earned from the state authorized investment of these funds while held on deposit.

**BASIS OF PRESENTATION**

The accompanying statement of financial position of the Garnishment Fund and the Registry of Court Fund maintained by the Clerk of First City Court for the Parish of Orleans have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The accompanying financial statement and supplementary information present information only on the Garnishment Fund and the Registry of Court Fund maintained by the Clerk of First City Court for the Parish of Orleans and do not present information on the Orleans Parish Judicial Expense Fund, the general government services provided by that governmental unit, or any other governmental units that comprise the financial reporting entity.



***Fund Accounting and Basis of Accounting –***

The Clerk of Court uses fund accounting to report on its financial position and changes in fiduciary liabilities. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. Funds of the Clerk of Court are classified as fiduciary (agency) funds. These funds are described as follows:

***Fiduciary Funds – Agency funds***

The Garnishment and Registry of Court Funds account for assets held by the Clerk of First City Court as an agent for others. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently the agency funds have no measurement focus, and use the modified accrual basis of accounting.

***Garnishment Fund*** - The Garnishment Fund, as provided by Louisiana Revised Statute 13:3927, provides that whenever a plaintiff suing out a writ of garnishment shall apply to the court for the issuance of such a writ, the plaintiff shall deposit with the court the sum of fifteen dollars, as a fee for the attorney for the employer who answers such interrogatories.

***Registry of Court Fund*** - The Registry of the Court Fund, as provided by Louisiana Revised Statute 13:2165, accounts for funds that have been ordered by the court to be held on deposit until judgment has been rendered in court litigation. These funds are withdrawn only upon order of the court to named recipients.

**NOTE 2: CASH AND CASH EQUIVALENTS**

Cash includes amounts in demand deposits, interest-bearing deposits, and time deposits. Under state law, the Clerk of Court may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States. Cash and cash equivalents include all highly liquid investments.

Cash and Investments consisted of the following:

Garnishment Fund	\$ 422,482
Registry of Court Fund	<u>288,365</u>
Total Cash	\$ <u>710,847</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2007, the clerk has \$710,847 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance and pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

**NOTE 3: IMPLEMENTATION OF GASB STATEMENT 34**

As of the year ending December 31, 2007, the Clerk of First City Court for the Parish of Orleans implemented the requirements of GASB Statement 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. This statement requires that management include a discussion and analysis as supplementary information to the basic financial statements. The remainder of the financial statements is prepared as in past years because they meet the requirements of GASB Statement 34 as it pertains to reporting on these funds.



# LUTHER SPEIGHT & COMPANY, LLC

*Certified Public Accountants and Consultants*

## **REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Ellen Hazeur  
Clerk of First City Court for the Parish of Orleans

We have audited the accompanying statement of financial position of Funds on Deposit with the Clerk of First City Court for the Parish of Orleans, as of December 31, 2007. This financial statement is the responsibility of the Clerk of First City Court. Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Clerk of First City Court's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Clerk of First City Court's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Clerk of First City Court's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Clerk of First City Court's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Clerk of First City Court's financial statement that is more than inconsequential will not be prevented or detected by the Clerk of First City Court's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Clerk of First City Court's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clerk of First City Court's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the First City Court for the Parish of Orleans, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Although, the intended use of these reports may be limited, "Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document."



Luther C. Speight and Company  
New Orleans, Louisiana  
March 7, 2008

**ORLEANS PARISH CLERK OF FIRST CITY COURT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

**Section I – Summary of Auditor's Results**

***Financial Statements***

An unqualified opinion was issued on the financial statements of the auditee.

**Internal Control Over Financial Reporting:**

Material weakness(es) identified?      ☐ yes    ☒ no

Significant deficiency(s) identified  
not considered to be material weaknesses?      ☐ yes    ☒ no

Noncompliance material to financial statements noted?      ☐ yes    ☒ no

**Federal Awards (NOT APPLICABLE)**

**Internal control over major programs:**

Material weakness(es) identified?      ☐ yes    ☐ no

Significant deficiency(s) identified  
not considered to be material weaknesses?      ☐ yes    ☐ no

Any audit findings disclosed that are required to be  
Reported in accordance with Circular  
A-133 , Section 510(a)?

☐ yes    ☐ no

**ORLEANS PARISH CLERK OF FIRST CITY COURT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

There were no findings.

**ORLEANS PARISH CLERK OF FIRST CITY COURT  
UPDATE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

There were no prior year findings.

**Clerk of First City Court For The Parish Of Orleans**  
**Funds On Deposit**  
**Statement of Changes in Fiduciary Liabilities**  
**For the Year Ended December 31, 2007**

Additions:	<u>Garnishment Fund</u>	<u>Registry Fund</u>	<u>Total</u>
Litigant Deposits	\$ 7,276	\$ 70,249	\$ 77,525
	<u>3,863</u>	<u>2,256</u>	<u>6,385</u>
Subtotals	<u>11,139</u>	<u>72,505</u>	<u>83,910</u>
Decreases:			
Litigant Withdrawals	435	48,981	49,416
Bank Charges	53	26	79
Transfer to Capital Improvement Fund	3,134	2,029	5,163
Subtotals	<u>3,622</u>	<u>51,036</u>	<u>54,658</u>
Net Increase/(Decrease)	7,517	21,469	28,986
Net Assets At Beginning of Year	<u>290,680</u>	<u>253,479</u>	<u>544,159</u>
Net Assets At End of Year	<u>\$ 298,197</u>	<u>\$ 274,948</u>	<u>\$ 573,145</u>